

ASH & LACY OVERSEAS (HOLDINGS) LIMITED

Company Number 3134804

A Wholly owned subsidiary of

Ash & Lacy plc

REPORT AND ACCOUNTS

Year 1998



The Directors present their report and accounts for the year ended 31 December 1998

PRINCIPAL ACTIVITIES

The principal activity of the company is that of an intermediate holding company.

RESULTS

The results for the year are set out in the Profit and Loss Account on page 4.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year (1997: £ Nil).

DIRECTORS

The directors of the company during the year were:

HC Marshall
CJ Burr

Chairman

Neither director has any interest in the shares of the company. Their interests in the shares of the ultimate parent company are shown in that company's annual report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.
- * state whether applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



R Foxall
Secretary

11 March 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF
ASH & LACY OVERSEAS (HOLDINGS) LIMITED

We have audited the financial statements on pages 4 to 8 .

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants and Registered Auditor

11 March 1999

ASH & LACY OVERSEAS (HOLDINGS) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1998

Note	1998 £000	1997 £000
Intra group interest receivable	-	340
3 Interest payable	(4)	(165)
(Loss) / Profit on ordinary activities before taxation	<u>(4)</u>	<u>175</u>
5 Taxation	3	(55)
(Loss) / Profit on ordinary activities after taxation	<u> </u>	<u> </u>
9 transferred to reserves	<u>(1)</u>	<u>120</u>

Statement of recognised gains and losses

(Loss) / Profit for the financial year	(1)	120
Currency translation differences on foreign currency net investments	(8)	(168)
Total recognised gains and losses for year	<u>(9)</u>	<u>(48)</u>

There is no material difference between the results reported above and those on an unmodified historical cost basis.

ASH & LACY OVERSEAS (HOLDINGS) LIMITED

BALANCE SHEET

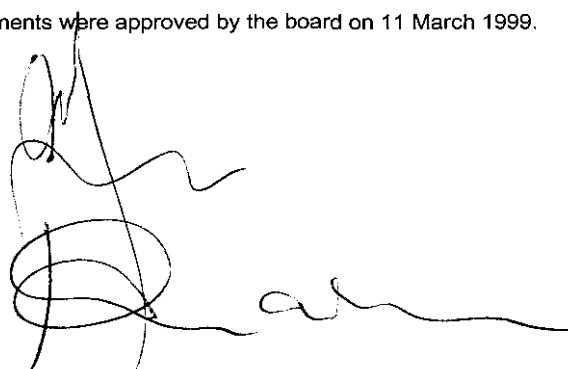
At 31 December 1998

Note	31 December 1998 £000	31 December 1997 £000
Current assets		
6 Debtors	6,309	10,084
7 Creditors - amounts falling due within one year	-	(3,766)
Net current assets	<u>6,309</u>	<u>6,318</u>
Total assets less current liabilities	6,309	6,318
Net assets	<u>6,309</u>	<u>6,318</u>
Capital and reserves		
8 Share capital	1	1
Share premium	6,610	6,610
9 Profit & Loss account	(302)	(293)
10 Equity shareholders' funds	<u>6,309</u>	<u>6,318</u>

The financial statements were approved by the board on 11 March 1999.

CJ Burr
Director

H C Marshall
Director



1 GROUP ACCOUNTS

The Company is exempt under section 228 of The Companies Act 1985 from preparing group accounts as a consequence of its inclusion in the group accounts of its ultimate parent undertaking (see note 13). These accounts therefore present information about the individual company rather than the Ash & Lacy Overseas (Holdings) Limited group as a whole.

2 ACCOUNTING POLICIES

The following are the main accounting policies of the Company which are consistent with those applied last year. These Financial Statements are drawn up for the year ended on 31 December 1998 and the comparative figures stated are in respect of the year ended on 31 December 1997.

Accounting Convention

The Financial Statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Related Party Disclosures

Advantage has been taken of the exemption under Financial Reporting Standard 8 to dispense with the need to disclose transactions with fellow subsidiary undertakings, 90% or more of whose voting rights are held within the group, consolidated in the group accounts of Ash & Lacy plc.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

The exchange difference on the foreign currency denominated loan taken out to hedge the investment in the shares of subsidiary undertakings is credited/charged to reserves. Interest on the loan is translated at the average exchange rate for the year.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

3 INTEREST PAYABLE	1998	1997
	£000	£000
Bank interest payable	<u>4</u>	<u>165</u>

4 DIRECTORS AND OTHER EMPLOYEES

The only employees of the company were the directors and the secretary, to whom no remuneration was paid (1996: £ Nil).

5 TAXATION	1998	1997
	£000	£000
UK Corporation tax at 31% (1997 : 31.5%)	(1)	55
Deferred taxation	<u>-</u>	<u>-</u>
Current year	(1)	55
Adjustments in respect of previous years	<u>(2)</u>	<u>-</u>
	<u>(3)</u>	<u>55</u>

6 DEBTORS	1998	1997
	£000	£000
Amounts owed by group undertakings	6,308	10,084
Corporation tax recoverable	<u>1</u>	<u>-</u>
	<u>6,309</u>	<u>10,084</u>

7 CREDITORS DUE WITHIN ONE YEAR	1998	1997
	£000	£000
Bank loans and overdrafts	-	3,655
Corporation tax	-	55
Accruals and deferred income	<u>-</u>	<u>56</u>
	<u>-</u>	<u>3,766</u>

There is an arrangement with the Company's bankers whereby bank balances and overdrafts of the Company, the parent undertaking and certain fellow subsidiary undertakings are offset.

All companies within the group are party to an upstream/downstream guarantee of group bank balances with the company's bankers.

There were no Ash & Lacy group borrowings under this arrangement at 31 December 1998.

8 SHARE CAPITAL	1998	1997
	£000	£000
Authorised :		
Ordinary shares of £1 each	<u>10</u>	<u>10</u>
Allotted and fully paid :		
Ordinary shares of £1 each	<u>1</u>	<u>1</u>

9 PROFIT AND LOSS ACCOUNT

	£000
At 31 December 1997	(293)
Retained loss for the year	(1)
Currency adjustment	(8)
At 31 December 1998	<u>(302)</u>

10 RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS FUNDS

	1998	1997
	£000	£000
(Loss) / Profit for the year	(1)	120
Currency adjustment	(8)	(168)
Net decrease in shareholders' funds	<u>(9)</u>	<u>(48)</u>
Opening shareholders' funds	6,318	6,366
Closing shareholders' funds	<u>6,309</u>	<u>6,318</u>

11 FINANCIAL COMMITMENTS

At 31 December 1998 there were no capital commitments (1997: - £Nil) or any annual commitments under operating leases (1997: - £Nil).

12 CASH FLOW STATEMENT

In view of the exemptions made under FRS1, no cashflow statement has been prepared because the ultimate parent undertaking included a consolidated cashflow statement in its accounts for the year ended 31 December 1998.

13 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Ash & Lacy plc incorporated in Great Britain.
Copies of the group accounts may be obtained from the Company Secretary, Ash & Lacy plc, Alma Street, Smethwick, West Midlands, B66 2RP.